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U.S. DEPT. OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
DIRECTOR'S OFFICE

APR 30 1970

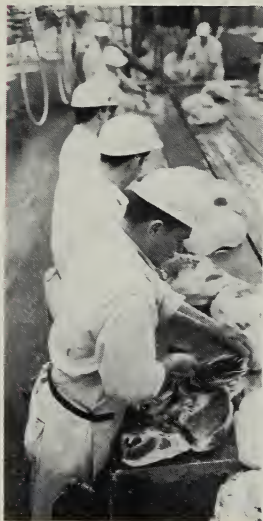
U.S. DEPT. OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

APR 30 1970

**Issued September 1974**

**Formerly published as ERS - 423  
in August 1969**

**ECONOMIC RESEARCH SERVICE  
U.S. Department of Agriculture**



# WHY ERS?

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Decisionmakers need sound economic information to select the best options for improving agriculture and making rural areas a better place to live. It's the job of the Economic Research Service (ERS) to develop that information and get it into the hands of the right people.

Who are these decisionmakers? They're members of Congress, USDA policy officials, other Government agencies, State and local administrators, and foreign government leaders.

They're also farmers and farm organizations, marketing firms and farm supply companies. Rural communities and specialists in land and water management use ERS research. So do universities. Consumers benefit from it too.

Principal areas of research in ERS are:

**Characteristics and performance of the U.S. food and fiber sector.** The fast-paced development of U.S. agriculture has taken us well past the time when we talked about farm inputs, production, processing, and marketing as separate entities. Today we treat them as complex parts of a highly integrated system for producing and delivering farm commodities. How well these parts work together determines the overall efficiency of the food and fiber sector.

**Adjustments facing farm and other rural people.** Mechanization and the growing scale of commercial agriculture have severely limited the job opportunities for many rural residents. ERS is examining how these developments affect not only employment, but also public services and population trends in order to find ways of restoring social and economic vitality to our rural communities.

**Use and quality of natural resources.** Efficient and abundant production of food and fiber is one of our primary goals. Yet we must also view agriculture as a competitor for our natural resources. The challenge is to achieve a proper balance—so that agriculture can perform well without harming the environment.

**Consumer interests.** How well does agriculture serve the consumer? Is he getting the products he wants? Are they produced, processed, and marketed efficiently? We aim to provide accurate and timely information—about supplies and prices, nutrition, and labeling—to help the consumer get the most for his food dollar.

**Foreign trade.** Overseas markets take roughly a fourth of the value of all products sold by U.S. farmers. Agricultural exports are increasingly important in helping us maintain a favorable trade balance and in lifting domestic farm income. ERS gathers intelligence on worldwide trade conditions to help both producers and traders.



**Foreign development.** All nations, rich or poor, are becoming increasingly affected by the world food/population balance. To foster agricultural development and improve living levels in lower income countries, USDA conducts international technical assistance and training programs. These programs are coordinated by ERS.



In short, our activities span a broad array of issues. Those issues are constantly changing. This means we must focus on future as well as current concerns and be prepared to analyze emerging situations.



## **SINCE 1862. . . .**

Economic research in the Department of Agriculture has a long and distinguished history.

Gathering economic statistics was one of the first functions of the new Department when it was formed in 1862. By the end of the century a steady stream of economic information was flowing out of USDA.

The Bureau of Agricultural Economics (BAE), ERS's predecessor, was formed back in 1922 to combat the low agricultural prices that plagued farmers after World War I.

The following year, USDA launched its first Annual Outlook Conference, designed to make economists' findings readily available



to farmers and other members of the agricultural community. The conference has been held just about every year since.

Economic research played a vital part in numerous USDA programs keyed to adjusting supply with demand, pulling the farm sector out of the depression, and gearing it to the special needs of wartime and the turbulent periods that followed.

By the early 1950's, agricultural economics had become a basic part of several USDA agencies, and many of BAE's early functions had already been passed to other agencies.

In 1954, the Bureau was disbanded in the belief that economic research could be used more effectively in agencies that could draw together an appropriate mix of scientists, researchers, and policy officials to tackle specific problems.

This "problem approach" to economic research prevailed through the end of the decade. But by 1961, the advantages of having an agency within USDA specifically charged with economic research proved so great that the Department established the Economic Research Service to succeed the old BAE.

In 1973, ERS took a fresh look at its research priorities. This resulted in the reorganization of the agency—a move to make ERS research programs more responsive to the changing conditions in agriculture, society, and the world economy.

## **ERS TODAY**

The ERS staff contains the largest single group of agricultural economists in the world. ERS employs just over 1,000 people—about 500 economists, 75 other social scientists, and some 450 research support personnel.

ERS is headquartered in Washington, D.C., where about 75 percent of its staff is located. Its economists also work in about 40 different States—mostly at land grant colleges—and in 9 foreign countries.

The work of ERS is performed by six research divisions and an information division. The research divisions are grouped under two broad areas of study.

One area, Food and Fiber Economics, is concerned with all aspects of the production and distribution of food and fiber. Its three divisions focus on the ability of commercial agriculture to meet demand both here and overseas.

The other major area is Resource and Development Economics. The three divisions in this group work to develop both natural and human resources—within rural U.S. communities as well as in less developed nations.

Below the division level, formal organization is kept to a minimum for added flexibility.

And flexibility is the key to using research resources to best advantage. Top priority research assignments generally require a wide range of research capabilities. This is where ERS uses a "team approach" to problem solving.

For example, a program to expand cotton markets requires information on production, textile operations, transportation costs, and consumer desires. With a flexible organization, experts in each of these fields can be drawn together to give the issue extensive treatment.

Many ERS research programs are carried out in cooperation with other Federal agencies and State Agricultural Experiment Stations. The programs and issues that concern ERS are best explained by the work of its six research divisions.

## NATIONAL ECONOMIC ANALYSIS DIVISION

Research in NEAD deals with the overall performance of the agriculture industry, its associated subsectors, and consumers.

This involves gathering, analyzing, and forecasting pertinent economic information about input industries serving agriculture, the farming industry, processing industries and product markets, and consumer demands and their collective interests. This research provides decisionmaking material from which officials and legislators can forge food and fiber policies.

NEAD researchers monitor the availability, costs, and use of feed, fertilizer, fuel, labor, capital, and other major farm inputs, as well as inputs required in processing and distribution.



Farm income specialists estimate production expenses, cash receipts, and net returns. They analyze historic trends in farm income, and measure how it stacks up against nonfarm earnings.

About two-thirds of consumers' total food expenditures go for services performed by the food distribution industry. NEAD research charts the changes in this industry, what causes them, and their impacts.

Transportation specialists analyze how well the transportation system serves the farmer and his markets.

How production and distribution of farm food affect retail prices is another major concern. Each month NEAD economists estimate the cost of a market basket of farm foods.

NEAD researchers also estimate the annual marketing bill—what we spend to move products from farm to market, including the cost of advertising and packaging.

Market development experts measure market potential for farm products here and abroad, weigh the impacts of convenience foods and substitutes on traditional farm markets, and look for innovative marketing techniques.

Market research aids the food and fiber industry in getting to know the consumer—his needs and wants, the products he favors, and the things that affect his buying patterns.

Development of economic projections also forms a basic part of NEAD's research effort. This provides a good idea of upcoming developments in farm real estate, demand and prices, or food consumption patterns.

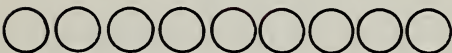
Some projections cover long-term developments, such as what agriculture will be like in 1985—or in the year 2000.

## COMMODITY ECONOMICS DIVISION

CED focuses on agricultural subsectors like dairy and grains. Dividing research in this way creates a center of intelligence which allows the organization to respond to a wide range of economic questions about all major commodities.

Commodity research runs the gamut from production to final use. Economists analyze the costs of beef production, for example, as well as the costs of getting the meat to the supermarket and consumer demand. Experts can answer questions about the current situation and outlook as well as provide information on the more fundamental relationships between demand and supply.

Specific crop and livestock areas include: fibers, tobacco, grains, oil crops, meat animals, dairy products, poultry, and fruits, vegetables, ornamentals, and sweeteners.





CED researchers analyze the production and marketing systems of the major commodities—how they're made up, how well they work together, and how they might react to economic and technological change. Costs and returns to farmers and farm marketers . . . as well as farm prices and prices paid by consumers . . . form a mainstay of CED research.

Since market conditions can get pretty volatile, farmers and farm traders need to know what to expect in coming months. CED regularly publishes separate commodity outlook and situation reports covering eight commodity groups. These assess the current situation as well as the short-term prospects for demand, supply, and prices.

CED researchers also make long-range projections for individual commodities and commodity groups . . . using likely trends in population, technology, and environmental restraints . . . on how our major farm products will be produced and used decades from now.

The information and expertise developed within specific commodity areas help guide agricultural policy. Considerable research centers on evaluating current farm programs to see how well they work and where they need refining.

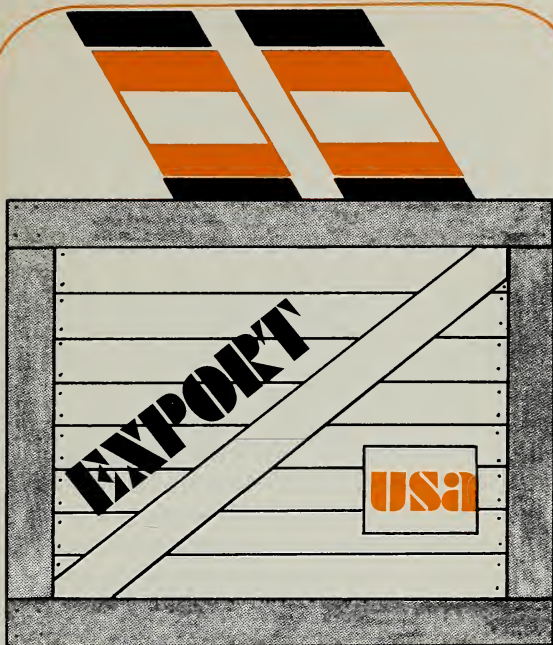
## **FOREIGN DEMAND AND COMPETITION DIVISION**

Analysts in FDCCD examine situations and developments around the world that have a potential impact on U.S. farm trade.

This entails studying world import requirements and export supplies, and the impact of international trade policies on the movement of farm goods.

The work is carried out under 13 program areas set up either on a regional or functional basis. The seven regional areas are: Developed Countries, Latin America, Asia, Africa and the Middle East, the Soviet Union, Eastern Europe, and Communist Asia.





Analysts in each of the regional areas keep tabs on developments and policies that affect farm production, consumption, and trade. They assess the shortrun outlook for supply and demand so that farmers, policymakers, and others concerned with expanding overseas markets can make wise decisions.

Analysts in the crop weather section prepare summary statements on world weather and its impact on foreign crop prospects.

Commodity specialists maintain current projections for major U.S. export commodities and measure how foreign market conditions affect U.S. agriculture and farm income.

Trade specialists interpret world trade barriers against farm products, and examine other development policies that affect U.S. farm exports.

Economic development specialists study how changes in foreign employment, income, investments, and consumption patterns affect farm trade. World monetary conditions are also explored—with an eye to how they influence international trade.

FDCD's statistics program, in cooperation with the Foreign Agricultural Service, is responsible for gathering, interpreting, and publishing data on world agricultural production and trade and our current farm trade situation.

## ECONOMIC DEVELOPMENT DIVISION

EDD research serves people who are working to make rural America a better place for more people.

Nationwide surveys have shown that the majority of Americans would prefer to live in rural areas or small towns, yet only 36 percent actually live there.

That's mainly because urban centers offer higher wages and attractive job opportunities. And though rural areas are growing faster than urban ones, EDD researchers estimate that some 177,000 jobs over current trends would have to be created in rural America each year for the rural-urban gap to close by the end of the century.



EDD collects, analyzes, and publishes data on rural population, employment, incomes, farm and nonfarm workers, job skills, and education levels. It also evaluates changes in the "condition" of rural communities . . . schools, housing, medical services, public facilities.

This kind of information helps Congress and other policymakers set priorities for improving rural life, and points out to the Nation where inadequacies still exist.

EDD specialists also work closely with the Farmers Home Administration (FHA) to assess potential housing needs in rural America—and possible solutions.

Rural water and sewer needs are another main concern. Analysts determine costs and alternative ways of financing water and sewer projects, and their impact on local communities.

## **NATURAL RESOURCE ECONOMICS DIVISION**

NRED concentrates on the use, conservation, development, and control of natural resources as they affect economic growth.

The division coordinates all the environmental research in ERS. It's concerned with environmental problems of rural communities—such as disposal of municipal industrial sewage on the land.

Much research centers on the impacts of proposed environmental curbs on the food and fiber production and processing system. It involves weighing the effects on producers, suppliers, processors, and prices, as well as on the economies of rural communities.

NRED works closely with USDA's Soil Conservation Service in preparing comprehensive river basin plans. It analyzes regional agricultural economies, projects future demand and supply of farm products, analyzes agricultural and rural water problems and needs, and weighs the impacts of alternative water resource management and

development programs. The Water Resources Council provides overall guidance to much of this work.

Each year, roughly a million acres of farmland are lost to cities, highways, and airports. And demands on rural land for investment, second home sites, and recreational areas have never been stronger.

NRED keeps a running account of how the land is being used. It keeps track of the cropland and pastureland base—how much is being added or taken from it and where. And NRED assesses how much land we can tap for crop production if we really have to.

NRED is also concerned with who owns the land. This is important to how land is used and who benefits from that use.

Agriculture is the Nation's prime user of water, with rural areas consuming 6 times the amount used in urban areas.



NRED is cooperating in a national survey of water adequacy. Findings will help pinpoint those areas where water resources could become critical in the years ahead.

Much of NRED's work on natural resource law concerns the nature and distribution of water rights. In many Western States, control of water is fully as important as control of land.

## **FOREIGN DEVELOPMENT DIVISION**

The Foreign Development Division coordinates training and technical assistance programs sponsored by the U.S. Agency for International Development, the Peace Corps, and other world development organizations and foreign countries. Though it's located within ERS, this division represents the entire Department of Agriculture in this effort.

The work is divided into two broad areas—international training and technical assistance.

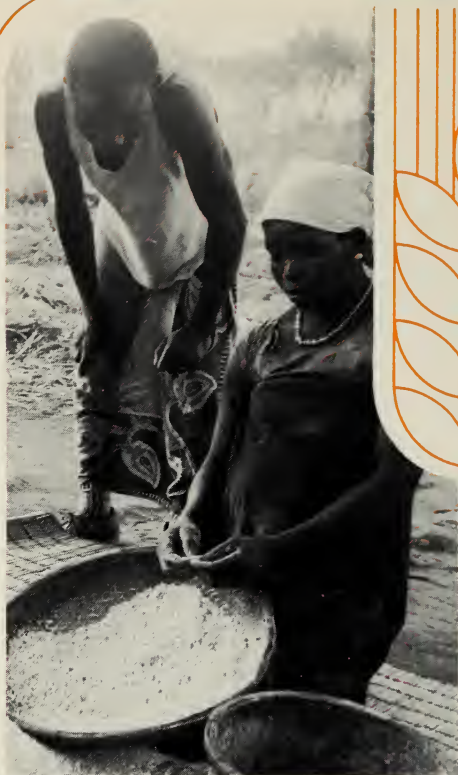
Training activities provide foreign agriculturalists and potential leaders the skills and know-how to stimulate agricultural growth and upgrade rural living.

In recent years, FDD has added special courses on policy and planning, economic analysis of development projects, and administration and management. These back up an already wide array of technical programs designed to:

- increase productivity,
- help government leaders administer effective development programs,
- upgrade diets, and
- improve the use of natural resources to maximize output and minimize harm to the environment.

USDA's technical assistance spans all phases of farm production and rural living.





It helps low-income countries find high-yielding crop varieties . . . fight diseases and insects . . . develop markets and consumer programs . . . build better communities.

It's up to FDD to see that these programs are effective, properly staffed, and attuned to the specific needs of individual countries. The programs draw on the expertise of thousands of USDA professionals—like agricultural scientists and technicians—who work both on a resident and short-term advisory basis.



## INFORMATION AND PUBLICATIONS PROGRAM

ERS research wouldn't be complete if it didn't get out to the people who use it.

Our analysts publish some 100 separate research studies each year. Subjects are as diverse as an in-depth analysis of the futures market, agricultural history, or a look at the inroads made by substitutes and synthetics into traditional farm markets.

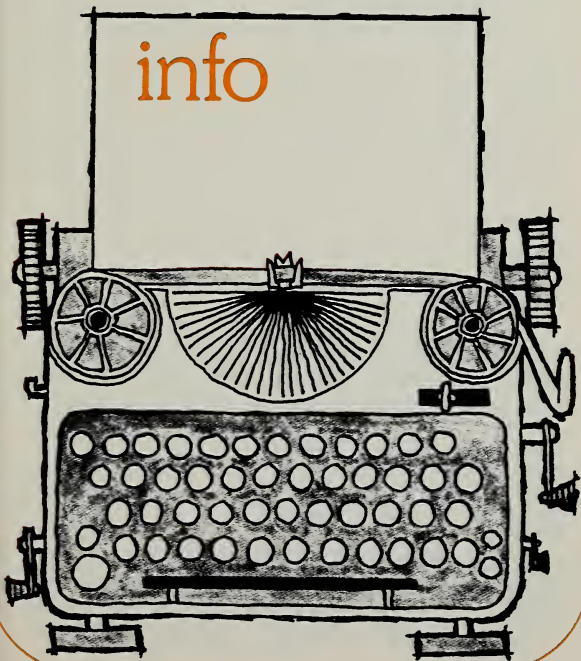
A timely, accurate appraisal of the current outlook and situation for all major commodities plus topics of general interest to the food and fiber industry can be found in 22 separate *Situation Reports* published on a scheduled basis throughout the year.

Brief highlights of the latest situation and outlook appear monthly in the *Agricultural Outlook Digest*.

Another monthly, the *Farm Index*, allows readers to keep abreast of current ERS research in easy-to-read language.

The quarterly *Agricultural Economics Research*, a more technical publication, reports on the latest findings, developments,

info



and research methods in agricultural economics.

Each year, ERS teams with several other USDA agencies to produce the *Handbook of Agricultural Charts*. This is the most comprehensive collection of charts on agriculture, depicting everything from farm income trends and commodity prices to rural housing conditions and the cost of a week's food.

The annual *Agricultural Statistics* is another product of joint cooperation with other Agriculture agencies. The handbook is a reliable reference source on agricultural production, supplies, consumption, facilities, and costs and returns.

ERS joins with the Bureau of the Census to produce the *Census-ERS Series*, annual estimates of farm population by age, sex, labor force status, and other characteristics.

The *Balance Sheet of the Farming Sector* is one of several farm finance reports that ERS issues on an annual basis. It provides a full statement of debts and assets of the entire agriculture sector.

A number of other periodic reports provide yearly wrap-ups on topics like farm costs and returns, the hired farm working force, and changes in farm production and efficiency.

A monthly summary of the current status and outlook for our farm exports appears in *Foreign Agricultural Trade of the United States*. Supplements are published for the calendar year and fiscal year.

Research reports, handbooks, statistical supplements, technical bulletins, and speeches are listed in the monthly *Checklist of New Reports*. For sample copies, write: ERS Publications Unit, Rm. 0054, U.S. Department of Agriculture, Washington, D.C. 20250.

ERS's information arm also disseminates research findings through exhibits, demonstrations, brochures, fact sheets, and articles

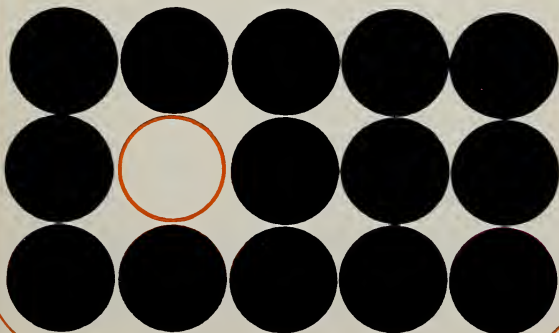
pecially written for the farm press. It makes extensive use of the broadcast media. The work of ERS economists is regularly featured on radio and television programs in cooperation with USDA's Office of Communication.

## A CAREER WITH ERS

All ERS divisions offer economists and social scientists the opportunity to specialize as well as to take part in broad research programs that span several areas of study.

Researchers are encouraged to participate in personnel exchange programs with other agencies, State and local governments, and universities. This provides insight into research needs at other levels of government as well as the opportunity for intellectual renewal.

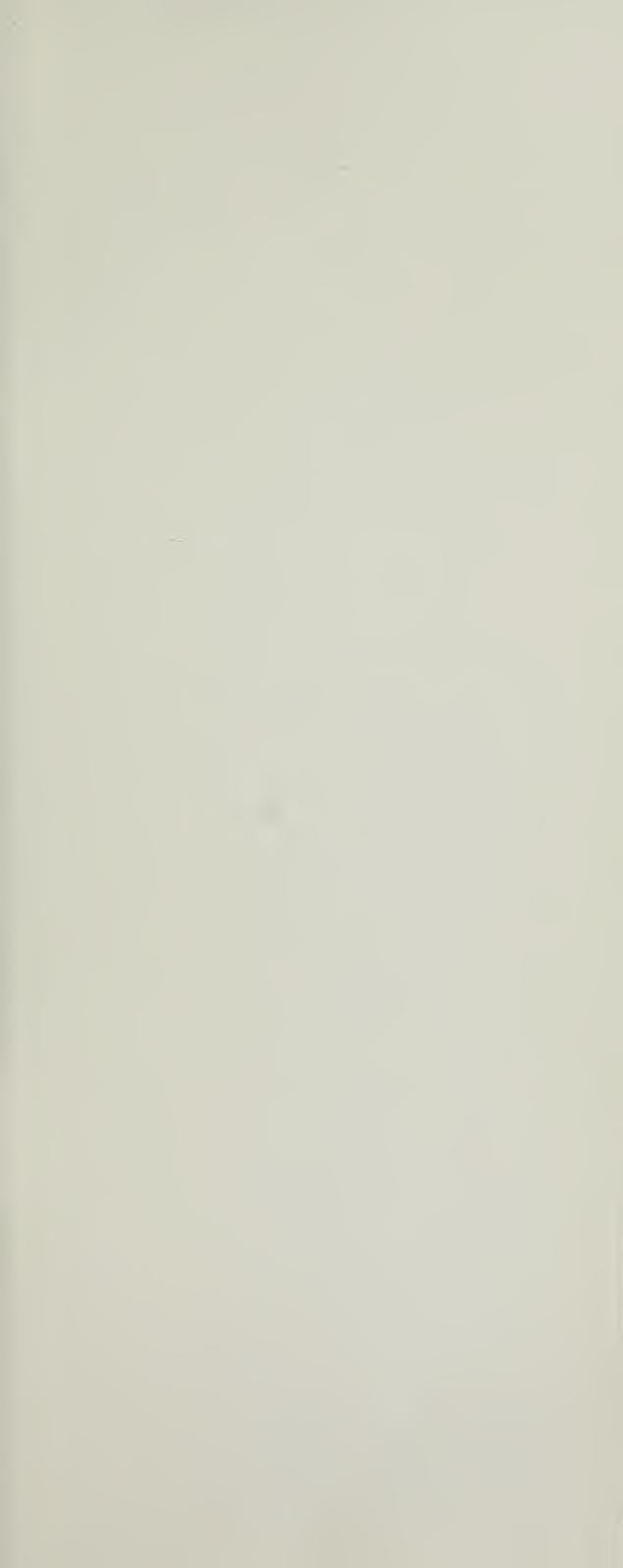
ERS staffers are offered a wide variety of training activities, ranging from brief professional seminars to a year of study at a major university.



ERS researchers are leaders in their field, and are highly respected among their peers in universities and private industry. They're asked to present papers at seminars and conferences here and abroad and to consult with leaders of private organizations. Articles by our researchers appear regularly in economic periodicals and other scholarly journals.

If you'd like to find out more about career opportunities with ERS, write the Administrator, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

ECONOMIC RESEARCH SERVICE  
U.S. DEPARTMENT OF AGRICULTURE





PROGRAM AID NO. 1097